

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 NEA-10 ISO-00 PRS-01 ERDA-07
AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01
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AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY TEHRAN
AMEMBASSY JIDDA
AMEMBASSY ABU DHABI
USMISSION OECD PARIS

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E. O. 11652: N/A
TAGS: ENRG, GW
SUBJ: GERMAN REACTION TO OPEC OIL PRICE INCREASES

REF: STATE 306331

1. THE PETROLEUM PRICE INCREASE ANNOUNCED BY OPEC
IN QATAR LAST WEEK HAS EVOKED VARYING REACTIONS IN
THE FRG. ECONOMICS MINISTER FRIDERICH, IN BOTH TV
AND RADIO INTERVIEWS, VOICED HIS OPINION THAT THE
ADDITIONAL COSTS WILL NOT IMPAIR THE FRG'S CURRENT
ECONOMIC UPSWING AND THAT THE PRICE INCREASES WOULD
NOT HAVE A SIGNIFICANT IMPACT ON THE OVERALL RATE OF
INFLATION. HE NOTED THAT THE 110 DAY STOCK OF OIL
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RESERVES WOULD MITIGATE THE IMMEDIATE IMPACT OF THE
PRICE INCREASE.

2. FRIDERICH ALSO STATED THAT APPROXIMATELY 25
PERCENT OF FRG OIL IMPORTS COME FROM EITHER SAUDI
ARABIA OR THE UAE. IN CONTRAST TO THE IMPACT UPON

GERMANY, WHICH HE CHARACTERIZED AS BEARABLE, HE
FEARED THAT THE IMPACT WOULD BE MUCH MORE
SEVERE ON ECONOMICALLY WEAKER COUNTRIES, E.G. ITALY
AND GREAT BRITAIN, AND THAT THESE COUNTRIES WOULD
HAVE TO REDUCE THEIR IMPORTS, INCLUDING THOSE FROM
THE EXPORT-ORIENTED FEDERAL REPUBLIC.

3. ENERGY SPOKESMEN FOR THE FDP AND CDU/CSU
OPPOSITION MADE SIMILAR STATEMENTS FOLLOWING THE PRICE
INCREASE ANNOUNCEMENT. INDUSTRIAL SPOKESMEN GENERALLY
VOICED PESSIMISM, STATING THAT ANY PRICE INCREASE AS
A RESULT OF THE OPEC DECISION WOULD HAVE TO BE PASSED
ON TO CONSUMERS IN THE FRG AND ABROAD. SOME HAVE
ESTIMATED THAT PRICES FOR PETROLEUM-RELATED PRODUCTS
SUCH AS GASOLINE AND HEATING OIL WILL INCREASE BY
BETWEEN 1 AND 2.5 PFENNINGS OR FROM 1 TO 4 PERCENT.
OTHERS BELIEVE THAT IT IS TOO EARLY TO
PREDICT WHAT EFFECT THE PRICE INCREASE WILL HAVE UPON
THEIR OPERATIONS.

4. NEWSPAPER COMMENTARY FOCUSED UPON THE POSSIBLE
BREAKUP OF THE OIL CARTEL. MOST PAPERS INTERPRETED
THE QATAR DECISION AS AT LEAST THE FIRST STAGE IN
THIS BREAKUP. AS THEY SEE IT, THE KEY TO OPEC'S
FUTURE WILL BE A WILLINGNESS OF SAUDI ARABIA AND THE
UAE TO INCREASE PRODUCTION TO A POINT WHICH WILL
SATISFY WORLD-WIDE DEMAND. SOME PAPERS CONSIDER SUCH
AN INCREASE POSSIBLE.
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